

## **3.0 PROGRAM PARTICIPATION**

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The employer may offer the CB Benefit Program exclusively or in combination with other alternative plans. The CB Benefit Program participation is optional to employers and employees of school districts, community college districts and county offices of education. The program qualifies as an alternative retirement plan in lieu of Social Security. The CB Benefit Program is available to persons whose basis of employment to perform creditable service is less than 50% of the full-time equivalent for the position. The following criterion describes participation in the CB Benefit Program. A matrix illustrating the employer and employee's choice under the CB Benefit Program is located in Section 3.3.

### **3.1 Eligibility Requirements**

#### ***3.1.1 Mandatory Participation***

If the employer only offers the CB Benefit Program all persons employed on or after July 1, 1996, to perform creditable service for less than 50 percent of the full-time equivalent for the position shall become mandatory participants in the CB Benefit Program, on the first day creditable service is performed, the date of the employer's governing board's action to provide the CB Benefit Program, or the effective date of the employer's governing board's action to provide the CB Benefit Program (Transaction Code 06 on the MR-87 - See Section 7 for instructions). The employee may elect to become a member of the CalSTRS DB Program at any time (Transaction Code 81 on the MR 87).

#### ***3.1.2 Permissive Participation***

##### **New Employees**

All employees employed on or after July 1, 1996, to perform creditable service for less than 50 percent of the full-time equivalent for the position shall become participants in the CB Benefit Program on the first day creditable service is performed unless the employee elects another plan offered by the employer. (Transaction Code 06 on the MR-87 - See Section 6 for instructions). The employee may elect to become a member of the CalSTRS' DB Program at any time (Transaction Code 81 on the MR 87).

**CalSTRS DB Program Members*****Existing DB Program Member-Single Employer***

A current member of the CalSTRS' DB Program may elect to become a participant of the CB Benefit Program if the member is employed to perform creditable service for less than 50% of the FTE for the position AND is employed by an employer offering the CB Benefit Program. The election shall become effective on the first day of the pay period following the date the election is filed with the employer. Use CB Plan Notification and Election Form (CB533) for the election (Transaction Code 06 on the MR-87).

***Existing DB Program Member-Multiple Employers***

A part-time employee who qualifies to be a participant of the CB Benefit Program may work simultaneously for more than one employer. For example:

(a) An employee employed in District A and District B can elect to become a participant in the CB Benefit Program (if the employer offers the plan) if their basis of employment remains less than 50% of the full-time equivalent for each of the positions. If the participant elects to become a member of the Defined Benefit (DB) Program with any one of the employers, *the participant may continue making contributions to the CB Benefit Program as well as to the DB Program* (Transaction Code 06 on the MR-87).

(b) A participant employed in District A and District B (both offering the CB Benefit Program) has a change in their basis of employment to greater than 50% of the full-time equivalent in District A, mandatorily qualifies for DB and becomes a DB member (Transaction Code 11 on the MR-87 from District A only). *This participant may continue making contributions to the CB Benefit Program in District B* (No MR-87 transaction required from District B).

**NOTE:** When a CB Benefit Program participant either mandatorily qualifies or elects membership in the DB Program, it is no longer the case that DB membership is mandated statewide. The employer should inform the employee that if they wish all of their subsequent service to be credited to the DB Program, they must elect the DB Program with all their employers.

***Existing DB Program Member-Multiple Employers-Overtime Eligibility***

A DB Program member employed full-time in District A and performing overload/overtime service for District B, *and that overload/overtime service is subject to mandatory Social Security coverage for that employer*, may elect CB Benefit Program participation in District B, if the following applies:

- 1) The employer (District B) offers the CB Benefit Program,
- 2) The earnings (for District B) are subject to Social Security, and,
- 3) The employee elects CB Benefit Program participation. (If employer only offers the CB Benefit Program, the employee must participate in CB Benefit Program.)

If the employee elects to participate in the CB Benefit Program for overtime service for a different employer, and that overtime service is subject to mandatory Social Security coverage for that employer, the employee must make their election choice on the CB 533, CB Benefit Program Notification and Election Form.

If the CB Benefit Program employer offers Social Security or another alternative retirement plan, the DB Program member may elect to retain Social Security or alternative retirement plan coverage for the overload/overtime service.